

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

ALLEN F. MAULSBY
STEWART R. BROSS, JR.
HENRY P. RIORDAN
JOHN R. HUPPER
SAMUEL C. BUTLER
WILLIAM J. SCHRENK, JR.
BENJAMIN F. CRANE
JOHN F. HUNT
GEORGE J. GILLESPIE, III
WAYNE E. CHAPMAN
THOMAS D. BARR
MELVIN L. BEDRICK
GEORGE T. LOWY
ROBERT ROSENMAN
JAMES H. DUFFY
ALAN J. HRUSKA
JOHN E. YOUNG
JAMES M. EDWARDS
DAVID G. ORMSBY
DAVID L. SCHWARTZ
RICHARD J. HIEGEL
CHRISTINE BESHAR
ROBERT S. RIFKIND
DAVID BOIES
DAVID O. BROWNWOOD
PAUL M. DODYK
RICHARD M. ALLEN
THOMAS R. BROME
ROBERT D. JOFFE

ROBERT F. MULLEN
ALLEN FINKELSON
RONALD S. ROLFE
JOSEPH R. SAHID
PAUL C. SAUNDERS
MARTIN L. SENZEL
DOUGLAS D. BROADWATER
ALAN C. STEPHENSON
RICHARD L. HOFFMAN
JOSEPH A. MULLINS
MAX R. SHULMAN
STUART W. GOLD
JOHN W. WHITE
JOHN E. BEERBOWER
EVAN R. CHESLER
PATRICIA GEOGHEGAN
D. COLLIER KIRKHAM
MICHAEL L. SCHLER
DANIEL P. CUNNINGHAM
KRIS F. HEINZELMAN
B. ROBBINS KIESSLING
ROGER D. TURNER
PHILIP A. GELSTON
RORY O. MILLSON
NEIL P. WESTREICH
FRANCIS P. BARRON
RICHARD W. CLARY
WILLIAM P. ROGERS, JR.
JAMES D. COOPER

TELEPHONE
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WUD 125547
WUI 620976
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CABLE ADDRESSES
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LONDON EC2V 6BT, ENGLAND
TELEPHONE: 1-606-1421
TELEX: 8814901
RAPIFAX/INFOTEC:
1-606-1425

RECORDATION NO. 14993-1
FILED 1425

MAY 29 1987 - 12 25 PM

INTERSTATE COMMERCE COMMISSION

7-149A010

No. MAY 29 1987

Date 10.6.0

ICC Washington, D.C.

MAY 27 1987

MOTOR CARRIER UNIT

COPIES OF
11. SEPT
MAY 29 12 20 PM '87

Amendment Agreement No. 1 Dated as of April 15, 1987
Amending Conditional Sale Agreement Filed Under
Recordation No. 14993
Lease of Railroad Equipment Filed under
Recordation No. 14993-B

Dear Ms. McGee:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Consolidated Rail Corporation for filing and recordation counterparts of the following:

Amendment Agreement No. 1 dated as of April 15, 1987, among Consolidated Rail Corporation, as Lessee, Mercantile-Safe Deposit and Trust Company, as Agent, The Connecticut Bank and Trust Company, National Association, as Trustee, MCCC Corp., as Beneficiary, General Electric Company, as Guarantor, and the Parties Named in Schedule A to the Participation Agreement, as Investors.

The Amendment Agreement amends a Conditional Sale Agreement and a Lease of Railroad Equipment each dated as of June 15, 1986, previously filed and recorded with the Interstate Commerce Commission on July 11, 1986, at 10:15 a.m., Recordation No. 14993.

The Amendment Agreement amends the Conditional Sale Agreement and the Lease of Railroad Equipment to adjust

Consolidated Rail Corporation
John A. Austin

the Amortization Schedule and the Basic Rental and Casualty Value percentages.

The Amendment Agreement contains the signatures of each party to the Conditional Sale Agreement and the Lease and each of those signatures are notarized. The Amendment Agreement also contains signatures of other parties for the purpose of amending a related Participation Agreement which is not a document on file with the Commission and, accordingly, such signatures are not, and are not required to be, notarized.

Please file and record the Amendment Agreement submitted with this letter and assign it Recordation Number 14993-D.

Enclosed is a check for \$10 payable to the Interstate Commerce Commission for the recordation fee for the Amendment Agreement.

Please stamp all counterparts of the enclosed document with your official recording stamp. You will wish to retain one copy of this document and this transmittal letter for your files. It is requested that the remaining counterparts of the document be delivered to the bearer of this letter.

Very truly yours,

Laurance V. Goodrich *CBW*
Laurance V. Goodrich
as Agent for
Consolidated Rail Corporation

Ms. Noreta R. McGee, Secretary,
Interstate Commerce Commission,
Washington, D.C. 20423

encls.

Interstate Commerce Commission

Washington, D.C. 20423

5/29/87

OFFICE OF THE SECRETARY

Laurance V, Goodrich
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/29/87 at 12:25pm, and assigned re-recording number(s). 14993---D

Sincerely yours,

Norita R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 14993-12
MAY 29 1987 - 12 25 PM
INTERSTATE COMMERCE COMMISSION

AMENDMENT AGREEMENT NO. 1 dated as of April 15, 1987, among CONSOLIDATED RAIL CORPORATION ("Lessee"), MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY ("Agent"), THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION ("Trustee"), MCCC CORP. ("Beneficiary"), GENERAL ELECTRIC COMPANY ("Guarantor"), and THE PARTIES NAMED IN SCHEDULE A to the Participation Agreement described below (together with their successors and assigns, "Investors").

WHEREAS each of the parties hereto has entered into a Participation Agreement dated as of June 15, 1986, ("Participation Agreement");

WHEREAS the Builder (as defined in the Participation Agreement) and the Trustee have entered into a Conditional Sale Agreement dated as of June 15, 1986 (the "CSA"), and since the Builder has been paid in full under the CSA and all the Builder's other rights have been assigned to the Agent, the Builder is no longer a party in interest to this transaction;

WHEREAS the Lessee and the Trustee have entered into a Lease of Railroad Equipment dated as of June 15, 1986 (the "Lease");

WHEREAS the CSA and the Lease were filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on July 11, 1986, at 10:15 a.m., recordation numbers 14993 and 14993-B, respectively, and deposited in the Office of the Registrar General of Canada pursuant to Section 86 of the Railway Act of Canada on July 11, 1986, at 11:35 a.m.;

WHEREAS pursuant to Paragraph 22 of the Participation Agreement the parties hereto have acknowledged the need to amend the Participation Agreement, the CSA and the Lease as a result of a Change in Tax Law (as defined in Section 3(c) of the Lease);

WHEREAS the parties hereto also now desire to amend certain provisions of the Documents (as defined in the Participation Agreement) to increase the commitment of Knights of Columbus and The Franklin Life Insurance Company ("Participating Investors") to fund a portion of the Purchase Price of the Equipment;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Participation Agreement.

2. Each Participating Investor's commitment to fund a portion of the Purchase Price of the Equipment by investing in the CSA Indebtedness is hereby increased so that the debt to equity ratio on all the CSA Indebtedness will be increased from 65% to 72.179700 of such Purchase Price, and the Owner will finance the balance of the cost of the Equipment.

3. The third paragraph on page P-1 of the Participation Agreement is hereby amended to delete the figure "65%" and to substitute the figure "72.179700%" therefor. In order to effect such increased commitment, each Participating Investor will pay to the Agent in immediately available funds not later than 11:00 a.m., Baltimore time, on April 30, 1987, its Increased Commitment as shown in Appendix A hereto, and the Agent shall transmit an amount equal to the aggregate amount of the Increased Commitment of each Participating Investor to the Beneficiary on such date. Upon payment to the Agent of the Increased Commitment, the Agent will execute and deliver to each Participating Investor a certificate or certificates of interest with respect to its payment bearing interest at the rate of 8.75% per annum substantially in the form annexed as Exhibit C-II hereto containing the appropriate information and dated April 30, 1987.

4. Paragraph 21 of the Participation Agreement, Assumed Tax Consequences, is hereby amended to read as set forth in Schedule E hereto.

5. Subparagraph (a) of the third paragraph of Article 4 of the CSA is hereby amended by deleting "35%" appearing therein and substituting "27.8203%" therefor.

6. Subparagraph (b) of the third paragraph of Article 4 of the CSA is hereby amended by deleting "13" appearing therein and substituting "15" therefore.

7. The fourth paragraph of Article 4 of the CSA is amended to read as follows:

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (the "CSA Indebtedness") shall be payable on each of the dates set forth in Schedule I-A and Schedule I-B hereto, annually, commencing January 2, 1988, and ending January 2, 2002 (or, if any such date is not a business day, on the next succeeding business day). The unpaid balance of the first \$16,987,849.75 of CSA Indebtedness ("Original CSA Indebtedness") from time to time outstanding shall bear interest from the applicable Closing Date at the rate of 8-7/8% per annum. The unpaid balance on the remaining CSA Indebtedness ("Additional CSA Indebtedness") from time to time outstanding shall bear interest from April 30, 1987, at the rate of 8-3/4% per annum. The holders of Additional CSA Indebtedness will not be entitled to the benefits of the Guarantee Agreement. Interest on the unpaid balance of the CSA Indebtedness shall be payable to the extent accrued on January 2, 1987, and on July 2 and January 2 in each year to and including January 2, 2002. The installments of principal payable on each payment date shall be calculated so that the amount and allocation of principal and interest payable on each payment date shall be substantially in proportion to the allocation set forth in Schedule I-A hereto in the case of the Original CSA Indebtedness and in Schedule I-B in the case of the Additional CSA Indebtedness (subject to the provisions of Article 7 hereof) and the aggregate of such installments of principal will completely amortize the CSA Indebtedness. The Assignee will furnish to the Beneficiary and the Lessee promptly after April 30, 1987, a schedule showing the respective amounts of principal and interest payable on each payment date.

8. Exhibit C to the Participation Agreement is hereby amended to read as set forth in Exhibit C-I hereto.

9. Schedule I (the debt service schedule) and Schedule II (the schedule of Vendee payments) to the CSA are hereby amended to read as set forth in Schedules I-A and I-B and Schedule II hereto, respectively.

10. The first sentence of Section 3(a) of the Lease, Basic Rent, is hereby amended to read as follows:

"The Lessee agrees to pay to the Lessor, as basic rental (the "Basic Rent") for each Unit during the Basic Term, 14 consecutive semi-annual payments in arrears payable on the last business day of each semi-annual period commencing June 30, 1987, and 19 consecutive semi-annual payments in advance payable on the first business day of

accordance with the provisions of Article 18 of the CSA and Section 15 of the Lease.

13. This Amendment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute a single instrument. It shall not be necessary that any counterpart be signed by all parties so long as each party shall deliver a counterpart signed by it to Cravath, Swaine & Moore, special counsel for the Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment Agreement to be executed and duly authorized officers or other persons, as of the date first above written.

CONSOLIDATED RAIL CORPORATION,

by J. D. Schmidt
Title: Director - Financing

[Corporate Seal]

Attest:

Walter C. Gudge
Title: Assistant Secretary

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, as Agent,

by _____
Title: _____

[Corporate Seal]

Attest:

Title: _____

accordance with the provisions of Article 18 of the CSA and Section 15 of the Lease.

13. This Amendment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute a single instrument. It shall not be necessary that any counterpart be signed by all parties so long as each party shall deliver a counterpart signed by it to Cravath, Swaine & Moore, special counsel for the Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment Agreement to be executed and duly authorized officers or other persons, as of the date first above written.

CONSOLIDATED RAIL CORPORATION,

by _____
Title:

[Corporate Seal]

Attest:

Title:

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, as Agent,

by 
Title: VICE PRESIDENT

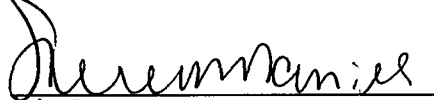
[Corporate Seal]

Attest:

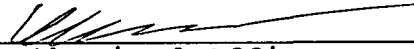

Title: CORPORATE TRUST OFFICER

[Seal]

Attest:


Title: Assistant Secretary

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION,
not individually but
solely as Trustee,

by 
Authorized Officer

[Corporate Seal]

Attest:

Title:

MCCC CORP.,

by _____
Title:

[Corporate Seal]

Attest:

Title:

GENERAL ELECTRIC COMPANY,
as Guarantor,

by _____
Title:

[Seal]

Attest:

Title:

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION,
not individually but
solely as Trustee,

by _____
Authorized Officer

[Corporate Seal]

Attest:

Daniel L. Wieneke
Title: Senior V.P. & Secretary

MCCC CORP.,

by Robert H. Bush
Title: Senior Vice President
MCCC Corp.

[Corporate Seal]

Attest:

Title:

GENERAL ELECTRIC COMPANY,
as Guarantor,

by _____
Title:

[Seal]

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION,
not individually but
solely as Trustee,

Attest:

Title:

by _____
Authorized Officer

[Corporate Seal]

MCCC CORP.,

Attest:

by _____
Title:


Title:


[Corporate Seal]

GENERAL ELECTRIC COMPANY,
as Guarantor,

Attest:

by


Title: Vice President and
General Manager
Transportation Systems
Business Operations


Title: Attesting Secretary

THE EQUITABLE LIFE ASSURANCE
SOCIETY OF THE UNITED STATES,

by *William H. Campbell*
Title: *Vice President*

KNIGHTS OF COLUMBUS,

by _____
Title: _____

THE FRANKLIN LIFE INSURANCE
COMPANY,

by _____
Title: _____

by _____
Title: _____

THE EQUITABLE LIFE ASSURANCE
SOCIETY OF THE UNITED STATES,

by _____
Title:

KNIGHTS OF COLUMBUS,
De
SAS by George K. Humphrey
Title: Assistant Supreme Secretary

THE FRANKLIN LIFE INSURANCE
COMPANY,

by _____
Title:

by _____
Title:

THE EQUITABLE LIFE ASSURANCE
SOCIETY OF THE UNITED STATES,

by _____
Title:

KNIGHTS OF COLUMBUS,

by _____
Title:

THE FRANKLIN LIFE INSURANCE
COMPANY,

by William D. Ward
Title: William D. Ward, Vice President

by Elizabeth E. Arthur
Title:

Elizabeth E. Arthur, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF PHILADELPHIA,)

On this 28th day of April 1987, before me personally appeared T. D. Schmidt, to me personally known, who, being by me duly sworn, says that he is DIRECTOR - FINANCING of CONSOLIDATED RAIL CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Marianne C. Baker

Notary Public

[Notarial Seal]

My Commission expires

MARIANNE C. BAKER
Notary Public, Phila., Phila. Co.
My Commission Expires Aug. 6, 1990

STATE OF MARYLAND,)
) ss.:
COUNTY OF BALTIMORE,)

On this day of April 1987, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF PHILADELPHIA,)

On this day of April 1987, before me
personally appeared , to me person-
ally known, who, being by me duly sworn, says that he is
 of CONSOLIDATED RAIL CORPORATION,
that the seal affixed to the foregoing instrument is the
corporate seal of said corporation, and that said instrument
was signed and sealed on behalf of said corporation by
authority of its Board of Directors, and he acknowledged
that the execution of the foregoing instrument was the free
act and deed of said corporation.

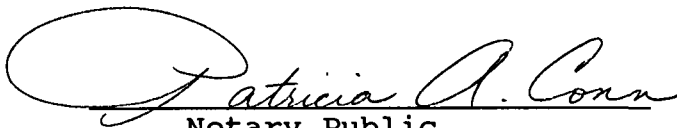
Notary Public

[Notarial Seal]

My Commission expires

STATE OF MARYLAND,)
) ss.:
COUNTY OF BALTIMORE,)

On this *28th* day of April 1987, before me
personally appeared R. E. Schreiber, to me
personally known, who, being by me duly sworn, says that he
is a VICE PRESIDENT of MERCANTILE-SAFE DEPOSIT
AND TRUST COMPANY, that one of the seals affixed to the
foregoing instrument is the corporate seal of said corpora-
tion, and that said instrument was signed and sealed on
behalf of said corporation by authority of its Board of
Directors, and he acknowledged that the execution of the
foregoing instrument was the free act and deed of said
corporation.


Notary Public

[Notarial Seal]

My Commission expires *7-1-90*

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this 28th day of April 1987, before me personally appeared V. Kreuscher to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, that the seal affixed to the foregoing instrument is the seal of said association, and that said instrument was signed and sealed on behalf of said association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

Ruth A. Smith
Notary Public

[Notarial Seal]

My Commission expires

RUTH A. SMITH
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1989

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF ,)

On this day of April 1987, before me personally appeared to me personally known, who, being by me duly sworn, says that he is a of MCCC CORP., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this day of April 1987, before me
personally appeared
to me personally known, who, being by me duly sworn, says
that he is an Authorized Officer of THE CONNECTICUT BANK AND
TRUST COMPANY, NATIONAL ASSOCIATION, that the seal affixed
to the foregoing instrument is the seal of said association,
and that said instrument was signed and sealed on behalf of
said association by authority of its Board of Directors, and
he acknowledged that the execution of the foregoing instru-
ment was the free act and deed of said association.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF FAIRFIELD,)

On this *28th* day of April 1987, before me
personally appeared *Robert L. Burke*
to me personally known, who, being by me duly sworn, says
that he is a *Senior Vice President* of MCCC CORP., that the seal
affixed to the foregoing instrument is the corporate seal of
said corporation, and that said instrument was signed and
sealed on behalf of said corporation by authority of its
Board of Directors, and he acknowledged that the execution
of the foregoing instrument was the free act and deed of
said corporation.

Janet S. Wynne

Notary Public

[Notarial Seal]

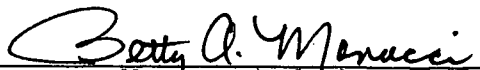
My Commission expires

Janet S. Wynne
Notary Public

My Commission Expires March 31, 1989

STATE OF PENNSYLVANIA)
 : SS.
COUNTY OF ERIE)

On this 28th day of April 1987, before me personally appeared Carl J. Schlemmer to me personally known, who, being by me duly sworn, says that he is a Vice President of GENERAL ELECTRIC COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

(Notarial Seal)

My commission expires

BETTY A. MANUCCI, NOTARY PUBLIC
LAWRENCE PARK TWP., ERIE COUNTY
MY COMMISSION EXPIRES JAN. 14, 1991
Member, Pennsylvania Association of Notaries

APPENDIX A
to
Amendment Agreement No. 1

<u>Investor</u>	<u>Increased Commitment</u>
KNIGHTS OF COLUMBUS One Columbus Plaza New Haven, Connecticut 06507 Attention of Investment Department	\$ 938,212.81
THE FRANKLIN LIFE INSURANCE COMPANY Franklin Square Springfield, Illinois 62713	<u>\$ 938,212.81</u>
	\$1,876,425.62

CONSOLIDATED RAIL CORPORATION
8-7/8% CONDITIONAL SALE INDEBTEDNESS DUE
January 2, 2002

CERTIFICATE OF INTEREST

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY (the
"Agent"), hereby acknowledges receipt from

(the "Investor") or of its direct or indirect predecessor in interest of (\$), such sum having been paid by the Investor or of its direct or indirect predecessor in interest under and pursuant to the terms and conditions of a Participation Agreement dated as of June 15, 1986, as amended by Amendment Agreement No. 1 dated as of April 15, 1987 ("as amended") (the "Participation Agreement"), among Consolidated Rail Corporation (the "Lessee"), The Connecticut Bank and Trust Company, National Association, as Trustee (the "Vendee"), MCCC Corp., as Beneficiary, the Agent, General Electric Company (the "Guarantor") and the other parties named in Schedule A thereto. By reason of such payment the Investor has an interest in a principal amount equal to such sum in (i) the CSA Indebtedness (as defined in the Conditional Sale Agreement hereinafter mentioned) and in and to the Conditional Sale Agreement dated as of June 15, 1986, as amended (the "CSA") between the Vendee and General Electric Company (in such capacity, the "Builder"), (ii) the Agreement and Assignment dated as of June 15, 1986, as amended, between the Builder and the Agent, (iii) the right, security title and interest of the Agent in and to the Lease of Railroad Equipment dated as of June 15, 1986, as amended, between the Lessee and the Vendee, and the railroad equipment covered by the CSA, (iv) the Assignment of Lease and Agreement dated as of June 15, 1986, as amended between the Vendee and the Agent, (v) the guarantee made by the Guarantor in the Guarantee Agreement dated as of June 15, 1986, as amended, and (vi) all cash and other property from time to time held by the Agent under the Participation Agreement, except to the extent that installments of such principal amount shall have been paid.

Under the terms of the CSA, subject to the rights of prepayment contained therein, and the Participation Agreement (i) such principal amount is payable in 15

CONSOLIDATED RAIL CORPORATION
8-3/4% CONDITIONAL SALE INDEBTEDNESS DUE
January 2, 2002

Not Guaranteed by the Guarantor named below.

CERTIFICATE OF INTEREST

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY (the
"Agent"), hereby acknowledges receipt from

(the "Investor") or of its direct or indirect predecessor in interest of (\$), such sum having been paid by the Investor or of its direct or indirect predecessor in interest under and pursuant to the terms and conditions of a Participation Agreement dated as of June 15, 1986 as amended by Amendment Agreement No. 1 dated as of April 15, 1987 ("as amended") (the "Participation Agreement"), among Consolidated Rail Corporation (the "Lessee"), The Connecticut Bank and Trust Company, National Association, as Trustee (the "Vendee"), MCCC Corp., as Beneficiary, the Agent, General Electric Company (the "Guarantor") and the other parties named in Schedule A thereto. By reason of such payment the Investor has an interest in a principal amount equal to such sum in (i) the CSA Indebtedness (as defined in the Conditional Sale Agreement hereinafter mentioned) and in and to the Conditional Sale Agreement dated as of June 15, 1986, as amended (the "CSA") between the Vendee and General Electric Company (in such capacity, the "Builder"), (ii) the Agreement and Assignment dated as of June 15, 1986, as amended, between the Builder and the Agent, (iii) the right, security title and interest of the Agent in and to the Lease of Railroad Equipment dated as of June 15, 1986, as amended, between the Lessee and the Vendee, and the railroad equipment covered by the CSA, (iv) the Assignment of Lease and Agreement dated as of June 15, 1986, as amended between the Vendee and the Agent, and (v) all cash and other property from time to time held by the Agent under the Participation Agreement, except to the extent that installments of such principal amount shall have been paid.

Under the terms of the CSA, subject to the rights of prepayment contained therein, and the Participation Agreement (i) such principal amount is payable in 15

consecutive annual installments on January 2 of each year commencing January 2, 1988, calculated as provided in the CSA, (ii) such principal amount bears interest on the unpaid portion thereof from time to time outstanding at the rate of 8-7/8% per annum payable on each January 2 and July 2 of each year, commencing on January 2, 1987, to and including January 2, 2002, and (iii) all such principal and interest remaining unpaid after the same shall have become due and payable bears interest, to the extent legally enforceable, at the rate of 9-7/8% per annum. The Agent has furnished or promptly will furnish to the Investor a schedule of payments reflecting the dates and amounts of principal and interest payments to be made in respect of the interests of the Investor. All payments received by the Agent in accordance with the terms of the Participation Agreement and the CSA shall be disbursed by the Agent in accordance with the terms and conditions of the Participation Agreement.

Dated:

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY,
as Agent under the
Participation Agreement,

by

Authorized Officer

INQUIRY SHOULD BE MADE OF THE AGENT
IF CERTIFICATION AS TO BALANCE
DUE HEREUNDER IS REQUIRED
THE CERTIFICATE IS TRANSFERABLE ONLY
IN ACCORDANCE WITH PARAGRAPH 10 OF THE
PARTICIPATION AGREEMENT

consecutive annual installments on January 2 of each year commencing January 2, 1988, calculated as provided in the CSA, (ii) such principal amount bears interest on the unpaid portion thereof from time to time outstanding at the rate of 8-7/8% per annum payable on each January 2 and July 2 of each year, commencing on January 2, 1987, to and including January 2, 2002, and (iii) all such principal and interest remaining unpaid after the same shall have become due and payable bears interest, to the extent legally enforceable, at the rate of 9-7/8% per annum. The Agent has furnished or promptly will furnish to the Investor a schedule of payments reflecting the dates and amounts of principal and interest payments to be made in respect of the interests of the Investor. All payments received by the Agent in accordance with the terms of the Participation Agreement and the CSA shall be disbursed by the Agent in accordance with the terms and conditions of the Participation Agreement.

Dated:

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY,
as Agent under the
Participation Agreement,

by

Authorized Officer

INQUIRY SHOULD BE MADE OF THE AGENT
IF CERTIFICATION AS TO BALANCE
DUE HEREUNDER IS REQUIRED
THE CERTIFICATE IS TRANSFERABLE ONLY
IN ACCORDANCE WITH PARAGRAPH 10 OF THE
PARTICIPATION AGREEMENT

SCHEDULE I-A
to
Amendment Agreement No. 1

Allocation Schedule of each \$1,000,000 of 8-7/8% CSA Indebtedness

Date ----	Interest -----	Principal -----	Debt Service -----	Loan Balance -----
2 Jul 87	44,375.00	.00	44,375.00	1,000,000.00
2 Jan 88	44,375.00	91,314.48	135,689.48	908,685.52
2 Jul 88	40,322.92	.00	40,322.92	908,685.52
2 Jan 89	40,322.92	49,766.28	90,089.20	858,919.24
2 Jul 89	38,114.54	.00	38,114.54	858,919.24
2 Jan 90	38,114.54	19,547.26	57,661.80	839,371.98
2 Jul 90	37,247.13	.00	37,247.13	839,371.98
2 Jan 91	37,247.13	21,282.08	58,529.21	818,089.90
2 Jul 91	36,302.74	.00	36,302.74	818,089.90
2 Jan 92	36,302.74	19,724.22	56,026.96	798,365.68
2 Jul 92	35,427.48	.00	35,427.48	798,365.68
2 Jan 93	35,427.48	16,769.67	52,197.15	781,596.01
2 Jul 93	34,683.32	.00	34,683.32	781,596.01
2 Jan 94	34,683.32	109,317.31	144,000.63	672,278.70
2 Jul 94	29,832.37	.00	29,832.37	672,278.70
2 Jan 95	29,832.37	55,831.20	85,663.57	616,447.50
2 Jul 95	27,354.86	.00	27,354.86	616,447.50
2 Jan 96	27,354.86	87,043.43	114,398.29	529,404.07
2 Jul 96	23,492.31	.00	23,492.31	529,404.07
2 Jan 97	23,492.31	71,425.55	94,917.86	457,978.52
2 Jul 97	20,322.80	.00	20,322.80	457,978.52
2 Jan 98	20,322.80	77,572.46	97,895.26	380,406.06
2 Jul 98	16,880.52	.00	16,880.52	380,406.06
2 Jan 99	16,880.52	83,331.83	100,212.35	297,074.23
2 Jul 99	13,182.67	.00	13,182.67	297,074.23
2 Jan 00	13,182.67	90,730.60	103,913.27	206,343.63
2 Jul 00	9,156.50	.00	9,156.50	206,343.63
2 Jan 01	9,156.50	98,786.34	107,942.84	107,557.29
2 Jul 01	4,772.85	.00	4,772.85	107,557.29
2 Jan 02	4,772.85	107,557.29	112,330.14	.00
Total		1,000,000.00		

Allocation Schedule of each \$1,000,000 of 8-3/4% CSA INDEBTEDNESS
NOT GUARANTEED

Date	Interest	Principal	Debt Service	Loan Balance
----	-----	-----	-----	-----
2 Jul 87	15,069.44	.00	15,069.44	1,000,000.00
2 Jan 88	43,750.00	91,314.40	135,064.40	908,685.60
2 Jul 88	39,754.99	.00	39,754.99	908,685.60
2 Jan 89	39,754.99	49,766.29	89,521.28	858,919.31
2 Jul 89	37,577.72	.00	37,577.72	858,919.31
2 Jan 90	37,577.72	19,547.20	57,124.92	839,372.11
2 Jul 90	36,722.53	.00	36,722.53	839,372.11
2 Jan 91	36,722.53	21,282.09	58,004.62	818,090.02
2 Jul 91	35,791.44	.00	35,791.44	818,090.02
2 Jan 92	35,791.44	19,724.22	55,515.66	798,365.80
2 Jul 92	34,928.50	.00	34,928.50	798,365.80
2 Jan 93	34,928.50	16,769.65	51,698.15	781,596.15
2 Jul 93	34,194.83	.00	34,194.83	781,596.15
2 Jan 94	34,194.83	109,317.38	143,512.21	672,278.77
2 Jul 94	29,412.20	.00	29,412.20	672,278.77
2 Jan 95	29,412.20	55,831.16	85,243.36	616,447.61
2 Jul 95	26,969.58	.00	26,969.58	616,447.61
2 Jan 96	26,969.58	87,043.48	114,013.06	529,404.13
2 Jul 96	23,161.43	.00	23,161.43	529,404.13
2 Jan 97	23,161.43	71,425.55	94,586.98	457,978.58
2 Jul 97	20,036.56	.00	20,036.56	457,978.58
2 Jan 98	20,036.56	77,572.46	97,609.02	380,406.12
2 Jul 98	16,642.77	.00	16,642.77	380,406.12
2 Jan 99	16,642.77	83,331.89	99,974.66	297,074.23
2 Jul 99	12,997.00	.00	12,997.00	297,074.23
2 Jan 00	12,997.00	90,730.67	103,727.67	206,343.56
2 Jul 00	9,027.53	.00	9,027.53	206,343.56
2 Jan 01	9,027.53	98,786.30	107,813.83	107,557.26
2 Jul 01	4,705.63	.00	4,705.63	107,557.26
2 Jan 02	4,705.63	107,557.26	112,262.89	.00
Total		1,000,000.00		

Schedule II

Vendee Payments Under the Fifth Paragraph of Article 4

Payment Date	Percentage of Purchase Price Per Unit
07/02/87	2.884375
01/02/88	2.985021
07/02/88	2.565731
01/02/89	0.000000
07/02/89	2.378409
01/02/90	0.000000
07/02/90	2.285400
01/02/91	0.000000
07/02/91	1.409215
01/02/92	0.000000
07/02/92	0.000000
01/02/93	0.000000
07/02/93	0.000000
01/02/94	0.000000
07/02/94	0.000000
01/02/95	0.000000
07/02/95	0.351129
01/02/96	0.000000
07/02/96	1.503566
01/02/97	0.000000
07/02/97	1.372266
01/02/98	0.000000
07/02/98	1.207411
01/02/99	0.000000
07/02/99	0.942901
01/02/2000	0.000000
07/02/2000	0.654915
01/02/2001	0.000000
07/02/2001	0.341371
01/02/2002	0.000000
07/02/2002	0.000000
01/02/2003	0.000000
07/02/2003	0.000000
01/02/2004	0.000000

Casualty Value

(Exclusive of Rent)
(and ITC Recapture)

No.	Basic Rental Payment Date	Percentage of Purchase Price Per Unit
1	07/02/87	95.9080%
2	01/02/88	89.8602
3	07/02/88	93.0717
4	01/02/89	90.0402
5	07/02/89	92.9238
6	01/02/90	89.6118
7	07/02/90	92.1331
8	01/02/91	88.5075
9	07/02/91	89.9216
10	01/02/92	88.9066
11	07/02/92	86.5688
12	01/02/93	85.1111
13	07/02/93	84.5230
14	01/02/94	76.1207
15	07/02/94	75.3959
16	01/02/95	70.7301
17	07/02/95	71.0959
18	01/02/96	64.8801
19	07/02/96	66.4954
20	01/02/97	60.0682
21	07/02/97	61.6500
22	01/02/98	55.0098
23	07/02/98	56.5394
24	01/02/99	49.7613
25	07/02/99	51.1550
26	01/02/2000	44.2325
27	07/02/2000	45.4845
28	01/02/2001	38.4114
29	07/02/2001	39.5160
30	01/02/2002	32.2858
31	07/02/2002	33.2372
32	01/02/2003	25.8463
33	07/02/2003	26.5809
34	01/02/2004	20.0000
35	07/02/2004	20.0000
36	01/02/2005	20.0000

Additions for ITC Recapture

Time from In Service Date to Casualty	Amount (% Purchase Price)
Less than one year	10.0000
One year or more but less than two years	8.0000
Two years or more but less than three years	6.0000
Three years or more but less than four years	4.0000
Four years or more but less than five years	2.0000

SCHEDULE D
to
Amendment Agreement No. 1

Basic Rent

<u>Date*</u>	Basic Rent in Arrears as Percentage of <u>Purchase Price</u>	<u>Date**</u>	Basic Rent in Advance as Percentage of <u>Purchase Price</u>
6/30/87	0.108194		
12/31/87	6.804517		
6/30/88	0.340688		
12/31/88	6.572023		
6/30/89	0.368833		
12/31/89	6.543878		
6/30/90	0.399320		
12/31/90	6.513391		
6/30/91	1.207435		
12/31/91	5.705277		
6/30/92	2.897122		
12/31/92	4.015589		
6/30/93	3.097974		
12/31/93	5.350878	1/1/94	5.560798
		7/1/94	2.888054
		1/1/95	6.828282
		7/1/95	1.620570
		1/1/96	8.259126
		7/1/96	0.189726
		1/1/97	8.356280
		7/1/97	0.092572
		1/1/98	8.439539
		7/1/98	0.009313
		1/1/99	8.441558
		7/1/99	0.007287
		1/1/00	8.443772
		7/1/00	0.005072
		1/1/01	8.446195
		7/1/01	0.002650
		1/1/02	8.448845
		1/1/03	8.448845
		1/1/04	8.448845

* If this date is not a Business Day, then on the last Business Day of this semi-annual period.

** If this date is not a Business Day, then on the first Business Day of this semi-annual period.

Paragraph 21 of the Participation Agreement should be amended to read in full as follows:

21. (a) Assumed Tax Consequences. This Agreement and the Lease (as each have been amended by Amendment Agreement No. 1 dated as of April 15, 1987, among the Beneficiary, the Lessee and others) have been entered into on the assumption that the Lease will have the following tax consequences (herein referred to as "Assumed Tax Consequences"):

(i) The transaction will be treated as a lease for tax purposes. The Beneficiary will be treated as the owner, lessor, and original user of each unit and Lessee will be treated as the lessee of each unit.

(ii) The Beneficiary is entitled to an investment tax credit in 1986 with respect to each unit of Equipment pursuant to Section 38 and related sections of the Code in an amount equal to 10% of the Beneficiary's tax basis of such unit (the "Investment Credits"), and there will be no recapture of the Investment Credits.

(iii) In the hands of the Beneficiary as of the date of delivery and acceptance of each unit, such unit constituted "recovery property" and "5-year property" within the meaning of Section 168 of the Code and "new section 38 property" within the meaning of Section 48(b) of the Code, and the Beneficiary is entitled to the cost recovery deductions allowed for "5-year property" under Section 168 of the Code commencing with its taxable year starting in 1986 with respect to the full amount of the Lessor's tax basis for each unit, as reduced pursuant to Sections 48(q) and 49(d) of the Internal Revenue Code of 1986, as from time to time in effect (the "New Code"), by 100% of the Investment Credits allowed to the Beneficiary with respect to such unit (the "Cost Recovery Deductions").

(iv) There will be no recapture of the Cost Recovery Deductions during the term of the Lease.

(v) The amounts of interest payable on any debt incurred with respect to the transactions to which the Lease relates shall be deductible as interest by the Beneficiary in accordance with its method of accounting (the "Interest Deductions").

(vi) Alterations, improvements and additions to any unit by the Lessee will not result in any tax consequences to the Beneficiary.

(vii) All income and deductions with respect to the Units will be from sources within the United States.

(viii) The Beneficiary shall be allowed deductions for amortization of its transaction expenses no less rapidly than ratably over the term of the Lease (the "Amortization Deductions").

(ix) The entity created by the Trust Agreement will be treated as a grantor trust for Federal income tax purposes.

(x) The Beneficiary shall not be required to include in its gross income with respect to the transactions contemplated by this Agreement any amount other than (A) Interim or Basic Rent as set forth in Section 3 of the Lease, (B) the amount of any payment of Casualty Value to the extent, and at the time payable to the Lessor, (C) amounts to the extent offset by corresponding deductions of the same character arising from the transactions contemplated hereby (other than Cost Recovery Deductions, Interest Deductions and Amortization Deductions) in the taxable year of the Beneficiary in which such amounts are included in income, and (D) any amounts payable by the Lessee hereunder or under Sections 6, 13 or otherwise under the terms of the Lease.

Except as expressly provided in subparagraph (b) of this Paragraph 21, the Lessee does not warrant or represent the accuracy of any of the assumptions set forth in this subparagraph (a) of this Paragraph 21.

(b) Lessee's Representations and Warranties. The Lessee represents and warrants to the Beneficiary, solely for purposes of this Paragraph 21, that:

(i) no unit was placed in service prior to its delivery and acceptance under the Lease, and "the original use" of each unit commenced with the Beneficiary, within the meaning of Section 48(b) of the Code;

(ii) at all times during the term of the Lease the Lessee will use each unit or cause or permit each unit to be used only in a manner such that at all times the

unit will constitute "section 38 property" within the meaning of Section 48(a) of the Code and "5-year property" within the meaning of Section 168(c) of the Code;

(iii) the Lessee and/or any affiliate of Lessee (defined for this purpose as any corporation which is a member of the "affiliated group" as set forth in Section 1504 of the New Code which files a consolidated tax return with the Lessee), has not made any claim and will not make any claim predicated on tax or legal ownership of any unit, including, but not limited to, a claim of the Cost Recovery Deductions, the Investment Credits, the Interest Deductions or the Amortization Deductions;

(iv) at all times during the term of the Lease the Lessee will neither use nor cause or permit the use of any unit in any taxable year of the Beneficiary "predominantly outside the United States", within the meaning of Sections 168(f)(2) and 48(a)(2) of the Code or Section 168(g)(4) of the New Code, or, except in the event of the requisition by any government which constitutes a Casualty Occurrence, in a manner (including by any sublessee from the Lessee) that will cause it to become "tax-exempt use property", within the meaning of Section 168(j) of the Code or Section 168(h) of the New Code;

(v) at all times during the Lease Term, the Lessee will not use nor permit the use of any unit outside the United States of America in such manner as to affect the ability of the Lessor to treat, for Federal income tax purposes, each item of income, deduction and credit relating to all Units subject to the Lease as being derived from or allocable to sources within the United States of America;

(vi) on the delivery date of each unit, no improvement or addition to the unit (other than ancillary equipment which is readily removable) was required in order to render the unit complete for its intended use by Lessee; and

(vii) all written information supplied by the Lessee to the Beneficiary or which was caused to have been supplied to the Beneficiary by the Lessee with respect to the description and cost of the Units was correct and complete at the time given and is and remains so in all material respects as of the date of this Agreement.

(c) Special Tax Indemnity. If (x) solely and as a direct consequence of any act of commission or omission (including any act of commission or omission permitted to be taken pursuant to the Lease), or any misrepresentation or breach of any agreement, covenant, representation or warranty contained herein on the part of the Lessee, any affiliate of the Lessee or any other person (other than the Lessor or the Beneficiary or the Builder prior to the delivery of any unit of Equipment) having possession of any of the Units (i) the Beneficiary (A) shall lose the right to claim, (B) shall not claim (as the result of a good faith determination based upon the advice of Beneficiary's tax counsel that there is no reasonable basis for making such claim or that the making of such a claim is likely to expose the Beneficiary or the Vendee to a penalty or addition to tax under the Code or the New Code; provided, however, that the Lessee shall be entitled to have such advice confirmed at its expense by independent tax counsel selected by the Beneficiary and approved by the Lessee, whose approval shall not be unreasonably withheld or delayed (hereinafter referred to as "Tax Counsel")), (C) shall suffer a disallowance of, or shall be required to recapture, all or any portion of the Investment Credits, the Cost Recovery Deductions, the Interest Deductions or the Amortization Deductions or (D) shall be entitled to such benefits only at later dates than assumed in Paragraph 21(a), or (ii) the Beneficiary shall not be allowed to claim, suffer a disallowance of or a delay in claiming, or be required to recapture an amount of foreign tax credit which would have been allowable to the Beneficiary if the Beneficiary had not participated in the transactions contemplated by the Lease (the "Foreign Tax Credits"), or (y) the Beneficiary is not entitled to claim all or any portion of the Investment Credits or Cost Recovery Deductions or shall be entitled to such benefits only at later dates than assumed in Paragraph 21(a) because any unit is treated for any reason as not qualifying for "grandfathering" or transition rule status under the Tax Reform Act of 1986 (P.L. 99-514) (any of such events described in clauses (x) or (y) being called a "Loss"), then the Lessee shall pay to the Beneficiary such amount or, from time to time, such amounts as, after reduction by all taxes required to be paid by the Beneficiary in respect of the receipt of such amount or amounts, shall be equal to the additional Federal, state and local taxes, including additions to tax, penalties and interest, if any, payable by the Beneficiary from time to time as a result of any such Loss; provided, however, that the indemnification payments hereunder shall be made in amounts sufficient, on an after-tax basis, after taking into account any interest, additions to tax and/or penalties imposed as a result of the Loss which gave rise to indemnification hereunder, to pre-

serve the Beneficiary's Net Economic Return. The "Beneficiary's "Net Economic Return" shall be its net after-tax economic and accounting yields and total cash flows computed on the basis of such assumptions and the same calculation methods and method of accounting as were utilized by the Beneficiary in entering into this transaction.

Upon the request of the Lessee and at Lessee's sole cost and expense, the Beneficiary will furnish to the Lessee a certificate of the Beneficiary's independent accountants, verifying that the amount of any such indemnification payment or payments is in effect an amount sufficient but not greater than the amount necessary, on an after-tax basis, to preserve the Beneficiary's Net Economic Return.

(d) Subsequent Benefit. If, as a result of any Loss for which indemnification is paid by the Lessee hereunder, the aggregate Federal income taxes paid or accrued by the Beneficiary for any taxable year shall be less than the amount of such taxes which would have been payable by the Beneficiary had no such Loss occurred, and if such reduction in Federal income taxes was not taken into account in determining the amount of indemnification payable by the Lessee hereunder, then the Beneficiary will pay the Lessee the amount of such difference in Federal income taxes plus an amount equal to any additional reductions in tax realized by the Beneficiary as a result of such payment; provided, however, that the Beneficiary shall not be obligated pursuant to this subparagraph (d) to make any payment (i) so long as the Lessee is in default under the Lease or a condition exists or an event has occurred which with the lapse of time and/or the giving of notice would constitute such a default, (ii) to the extent that such payment would cause the Beneficiary not to realize its Net Economic Return, or (iii) to the extent that such payment, together with all amounts previously paid by the Beneficiary pursuant to this subparagraph (d), is in excess of all amounts previously paid by the Lessee with respect to such Loss.

(e) Limitations on Special Tax Indemnity. Notwithstanding anything to the contrary hereinbefore set forth, no amount shall be payable to the Beneficiary as an indemnity under Paragraph 21 in respect of any Loss to the extent that such Loss results solely from and as a direct consequence of the occurrence of any of the following events:

(i) an involuntary transfer resulting from the bankruptcy or insolvency of the Beneficiary or any voluntary transfer or other voluntary disposition by the Beneficiary of any interest in any unit or any interest

in the Lease other than a transfer or disposition in connection with an exercise of remedies pursuant to Section 11 of the Lease;

(ii) the failure of the Beneficiary to claim (unless Beneficiary's tax counsel has advised that there is no reasonable basis for such claim or that the making of such claim is likely to expose the Beneficiary or the Vendee to a penalty or addition to tax under the Code or the New Code; provided, however, that the Lessee shall be entitled to have such advice confirmed at its expense by Tax Counsel) the Investment Credits, the Cost Recovery Deductions, the Foreign Tax Credits, the Interest Deductions or the Amortization Deductions;

(iii) any gross negligence or willful misconduct of the Beneficiary inconsistent with the tax assumptions contemplated herein;

(iv) the failure of the Beneficiary to have sufficient liability for tax against which to credit the Investment Credits or to have sufficient income to benefit from the Cost Recovery Deductions, the Interest Deductions or the Amortization Deductions, as the case may be;

(v) a Casualty Occurrence if the Casualty Value is timely paid by the Lessee pursuant to Section 7 of the Lease; or

(vi) with respect to any unit, any changes in tax law occurring and taking effect after the delivery and acceptance of such unit under the Lease.

(f) Indemnity for Inclusions. If at any time the Beneficiary is required to include in its gross income, for Federal, state or local income tax purposes, an amount (i) in respect of any alteration, improvement or addition to any unit or any accession referred to in Section 9 of the Lease or (ii) advanced by the Lessee to the Beneficiary pursuant to subparagraph (g) of this Paragraph 21 or Section 6(c) of the Lease (any of such events described in clauses (i) or (ii) being herein referred to as an "Inclusion"), the Lessee shall pay to the Beneficiary, as an indemnity, such amount or amounts as, after reduction by all taxes required to be paid by the Beneficiary in respect of the receipt of such amounts, shall be equal to the additional Federal, state and local taxes payable by the Beneficiary from time to time as a result of such Inclusion plus the amount of any interest, penalties or additions to such taxes payable as a result of

any such Inclusion; provided that indemnification payments hereunder shall be sufficient, after considering the tax and other effects of the Inclusion and the receipt of indemnification payments hereunder, to preserve the Beneficiary's Net Economic Return. If as a result of any such Inclusion the taxes paid by the Beneficiary for any taxable year shall be less than the amount of such taxes which would have been payable by the Beneficiary had such Inclusion not occurred, then the Beneficiary shall pay the Lessee the amount of such savings in taxes plus any additional tax benefits realized by the Beneficiary as the result of such payment; provided, however, that the Beneficiary shall not be obligated to make any payment pursuant to this sentence with respect to any Inclusion (i) so long as the Lessee is currently in default under the Lease or a condition exists or an event has occurred which with the lapse of time and/or the giving of notice would constitute such a default, (ii) to the extent that any such payment would cause the Beneficiary not to realize its Net Economic Return, or (iii) to the extent that such payment, together with all amounts previously paid by the Beneficiary to the Lessee pursuant to this subparagraph (f) with respect to such Inclusion, are in excess of all amounts previously paid by the Lessee to the Beneficiary with respect to such Inclusion.

(g) Contest of Disallowance of Tax Benefits. If a claim ("Claim") shall be made at any time which, if successful, would require the Lessee to indemnify the Beneficiary under this Paragraph 21, the Beneficiary hereby agrees to contest such Claim; provided, however, that:

(i) within 30 days after notice by the Beneficiary to the Lessee of such Claim, the Lessee shall request that such Claim be contested;

(ii) the Beneficiary, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service with respect to such Claim and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States District Court or other court as the Beneficiary shall elect; or contest such Claim in the United States Tax Court; provided, however, that the Lessee shall have no obligation to indemnify the Beneficiary for any Claim that the Beneficiary is obligated to contest under this subparagraph (g) if, as a result of the Beneficiary's foregoing any such administrative appeals, proceedings, hearings, or conferences, the Beneficiary shall lose the right to contest the merits of such Claim;

(iii) prior to the Beneficiary's taking any such requested action, the Beneficiary, at the Lessee's expense, shall have obtained an opinion of Tax Counsel satisfactory in form, scope and substance to the Beneficiary to the effect that there exists a meritorious basis for such contest;

(iv) the Beneficiary shall have full control over any contest pursuant to this paragraph and shall not be required to accept a settlement proposal received in the course of any administrative or judicial action; but the Beneficiary shall keep the Lessee advised of the progress of such contest and shall consider in good faith any request by the Lessee concerning the conduct of such contest;

(v) the Lessee shall have indemnified the Beneficiary in a manner satisfactory to the Beneficiary for any liability or loss related to such Claim which the Beneficiary may incur from time to time as the result of contesting such Claim and shall pay to the Beneficiary from time to time an amount which, on an after-tax basis, shall be equal to all costs and expenses which the Beneficiary may incur from time to time in connection with contesting or defending such Claim or any appeal thereof, including, without limitation, reasonable attorneys' and accountants' fees and disbursements and the amount of any interest, additions to tax or penalties which may ultimately be payable as a result of contesting such Claim or appeal; and

(vi) if the Beneficiary shall have elected hereunder to pay any tax claimed and then seek a refund, the Lessee has advanced to the Beneficiary sufficient funds, on an interest-free basis, to pay the tax plus any interest, penalties, and additions to tax relating thereto; the Beneficiary hereby covenants that any amounts advanced to the Beneficiary under this Paragraph 21 or under Section 6(c) of the Lease will be treated as loans for book and tax purposes.

(h) Appeals. Notwithstanding any other obligation of the Beneficiary under this Paragraph 21, the Beneficiary shall have no obligation to appeal from, or defend an appeal of, any adverse trial or appellate court determination with respect to any Claim unless:

(i) prior to the Beneficiary's making or defending any such appeal, the Lessee, upon request by the Beneficiary, shall have furnished the Beneficiary with secu-

rity, satisfactory to the Beneficiary, with respect to the Lessee's liability for indemnification under this Paragraph 21 as to such Claim, and the Beneficiary shall have obtained, at the Lessee's expense, a timely opinion of Tax Counsel satisfactory in form, scope and substance to the Beneficiary to the effect that it is more likely than not that the Beneficiary will prevail on the merits in such appeal; and

(ii) prior to the Beneficiary's making or defending any appeal of any appellate court determination, the Beneficiary shall have obtained at Lessee's expense, an opinion of Tax Counsel satisfactory in form, scope and substance to the Beneficiary to the effect that the likelihood of the Beneficiary's prevailing on the merits in such appeal is substantially greater than the likelihood of its not prevailing.

(i) Deferral of Lessee's Liability. If any Claim shall be made and the Lessee shall have reasonably requested the Beneficiary to contest such Claim as above provided and shall have duly complied with all of the terms of this Paragraph 21, the Lessee's liability for indemnification hereunder (other than as provided in subparagraph (g)(v) and (vi) hereof) with respect to the subject matter of such contest shall be deferred until final determination of the contest. At such time as the Lessee shall become obligated for the payment of any indemnification hereunder resulting from the outcome of such contest, the Beneficiary shall become obligated to refund to the Lessee any amount received as a refund by the Beneficiary fairly attributable to advances by the Lessee hereunder, together with any interest received by the Beneficiary on the refund of such amount. Such obligations of the Beneficiary and the Lessee shall first be set off against each other, and any difference owing by either party shall be paid in accordance with paragraph (l) hereof.

(j) Notice and Cooperation. The Beneficiary agrees promptly to notify the Lessee in writing of any Claim and agrees not to make payment of the tax claimed or to contest to the assessment of any deficiency relating to such Claim for at least 30 days after the giving of such notice and agrees to give to the Lessee any relevant information relating to such Claim which may be peculiarly within the knowledge of the Beneficiary and otherwise to cooperate with the Lessee in good faith in order to contest any such Claim in accordance with the foregoing provisions.

(k) Waiver of Indemnification; Settlement. Nothing contained in this Paragraph 21 shall require the

Beneficiary to contest any Claim if the Beneficiary shall waive the payment by the Lessee of any amount that might otherwise be payable by the Lessee hereunder by way of indemnity in respect of such Claim. The Beneficiary shall not enter into a settlement or other compromise with respect to any Claim that the Beneficiary is otherwise obligated to contest pursuant to subparagraph (g) of this Paragraph 21 without the prior written consent of the Lessee, which shall not be unreasonably withheld or delayed, unless (i) the Beneficiary shall have complied with its obligations to contest under subparagraph (g) or (ii) the Beneficiary shall waive its right to be indemnified with respect to such Claim under this Paragraph 21.

(1) Payments. Any amount payable to the Beneficiary hereunder shall be paid within 15 days after written demand by the Beneficiary to the Lessee therefor on the basis that the Beneficiary has paid or within 30 days expects to pay such amount, and any amount payable to the Lessee hereunder shall be paid within 15 days after the Beneficiary files its Federal income tax return for the taxable year within which it realizes any reduction in its Federal income tax liability to which such payment relates, except that any payment required to be made by the Beneficiary pursuant to subparagraph (i) of this Paragraph 21 in respect of a refund (and interest thereon) shall be made forthwith upon receipt thereof. Any amount payable under this Paragraph 21 shall be paid directly to the payee in immediately available funds at such bank or to such account as specified by such payee in a written directive to the payor, or, if no such directive shall have been given, by check of the payor payable to the order of the payee and mailed to the payee by certified mail, postage prepaid, at such payee's address as set forth in Section 17 of the Lease. Any amount payable under this Paragraph 21 which is not paid when due shall bear interest at the Overdue Rate as defined in Article 4 of the CSA, from the date payable or due, to but not including the date of payment.

(m) No Set-Off. Except as expressly provided in subparagraph (i) of this Paragraph 21, no payment required to be made by the Lessee pursuant to this Agreement shall be subject to any right of set-off, counterclaim, defense, abatement, suspension, deferment or reduction, and, except in accordance with the express terms hereof, the Lessee shall have no right to terminate this Agreement or to be released, relieved or discharged from any obligation or liability under this Agreement for any reason whatsoever.

(n) Affiliated Group. In determining the amount and timing of any payment required under this Paragraph 21, the term "Beneficiary" shall be deemed to include the Beneficiary and each member of any affiliated group (within the meaning of Section 1504(a) of the New Code) of which the Beneficiary is or becomes a member, if such group files a consolidated Federal income tax return.

(o) Survival of Indemnities. The respective liabilities of the Lessee and the Beneficiary to make indemnification payments pursuant to this Paragraph 21 shall, notwithstanding any expiration or termination of the Lease, continue to exist until such indemnity payments are made by the Lessee and the Beneficiary. The obligations of the Lessee and the Beneficiary under this Paragraph 21 shall be enforceable by the Beneficiary and the Lessee and their respective successors and assigns.